

Econ Club – Managing Uncertainty – John Kay

Questions for Further Discussion/Debate

1. Discuss the impact of uncertainty on investment decisions within an economy.
2. Discuss the role of uncertainty in shaping government fiscal policy. What tools do governments use to manage economic uncertainty?
3. Evaluate the effectiveness of monetary policy in managing economic uncertainty. Can central banks effectively steer economies during uncertain times?
4. Discuss the impact of technological innovation on economic uncertainty. Does technology reduce or increase uncertainty for producers and consumers?
5. What are the ethical implications of decisions made under uncertainty, especially in the context of employment and wages?
6. How do historical economic theories treat the concept of uncertainty? Compare Keynesian and Classical perspectives on uncertainty management.
7. What lessons can contemporary economists learn from past economic crises where uncertainty played a significant role?

Source Based Questions

Read through the source below prior to answering the question.

[What is Radical Uncertainty?](#)

1. How do the authors differentiate between resolvable and radical uncertainty?
2. Discuss the potential dangers of relying heavily on probability models for economic forecasting, as evidenced by the financial crisis.
3. How does the distinction between resolvable and radical uncertainty affect economic decision-making processes?
4. Discuss the implications of radical uncertainty for risk management in financial institutions as highlighted by the 2008 financial crisis.
5. What are some real-world examples of radical uncertainty impacting economic decisions?
6. How can governments and businesses prepare for economic shocks that fall under 'unknown unknowns'?

General Questions

1. What are the key factors that contribute to economic uncertainty?
2. How does uncertainty affect consumer behaviour and spending habits?
3. Analyse the impact of political instability on a country's economic growth and investor confidence.
4. What role does uncertainty play in the business cycle, particularly during recessions and booms?
5. How do international trade and global supply chains complicate economic uncertainty for countries?

Further Reading

- [Managing Uncertainty](#) – unSILOed Podcast – November 2022
- [Why is uncertainty so damaging for the economy?](#) – Economics Observatory